

IDFA – Financing Programs

IDFA Illinois Development Finance Authority Summary of IDFA Financing Programs Business Financing Programs

Industrial Revenue Bonds

Financing for manufacturing facilities for acquisition of land, buildings, and equipment.

Projects: Can be used for manufacturing projects between \$1.5 million and \$10.0 million (subject to IRS capital expenditure limitation). (Occasionally, small projects between \$1.0 million and \$1.5 million can also be financed if issuance costs are controlled.)

Structuring Requirements: Requires bank participation for 100% of bond amount.

Advantage: Provides access to borrowing at interest rates significantly below Prime.

Exempt Facilities Bonds

Financing for privately owned solid waste disposal facilities, wastewater treatment facilities, and water supply facilities.

Projects: Can also sometimes be used to finance a portion of a manufacturing project, when aggregate project amount exceeds \$10.0 million IRS capital expenditure test.

Structuring Requirements: Generally requires bank participation or municipal bond insurance for 100% of bond amount.

Advantage: Provides access to borrowing at interest rates significantly below Prime.

Participation Loans

IDFA interest-rate “buy-down” program on a portion of a commercial bank loan for manufacturing companies.

Projects: Can be used to purchase the lesser of 50% or \$300,000 of a conventional bank loan for a manufacturing project.

Structuring Requirements: IDFA purchases a participation in a portion of a bank loan (subject to program parameters). Bank has the option to retain up to 0.50% of the 1.50% interest rate savings (attributable to the IDFA participation) to cover administrative costs.

Advantage: Provides borrower with an interest rate on IDFA participation amount that is 1.00% to 1.50% below the participating bank's loan rate. (Example: results in savings of up to \$4,500 annually on a \$300,000 IDFA Participation purchased in a bank loan of \$600,000 or more.)

Other IDFA Bond Financing Programs

501(c)(3) Revenue Bonds

Financing for acquisition of land, buildings, and equipment by 501(c)(3) not-for-profit corporations.

Projects: Can be used for projects of at least \$1.5 million (no legal maximum). (Occasionally, small projects between \$1.0 million and \$1.5 million are also financed if issuance costs are controlled.)

Structuring Requirements: Generally requires bank participation for 100% of bond amount.

Advantage: Provides access to borrowing at interest rates significantly below Prime.

Local Government Bonds

IDFA provides State of Illinois Tax-Exempt Status on Local Government General Obligation bond issues for capital improvements.

Projects: Any capital, infrastructure, or public works project for units of local government (e.g., municipalities and school districts).

Structuring Requirements: IDFA can only purchase General Obligation debt from Local Governments. Structuring Advantage: IDFA's statutory State Revenue Intercept can help less creditworthy borrowers obtain municipal bond insurance.

Advantage: Lower interest rates since Bonds are exempt from State of Illinois income taxes.

Fre\$hRate Taxable Bond Pool for Home Mortgage Loans

IDFA taxable bond program that capitalizes a home mortgage financing program that provides 4% down payment assistance grant for home purchasers.

Projects: Loans are originated through participating Illinois home mortgage lenders. (Andrew Charles, Berkshire, CasBank, CNI Mortgage, Draper & Kramer, First Mortgage, Irwin Mortgage, Lincoln Mortgage, Malone Mortgage, Midwest Funding, Midwest One, Mortgage Corp. Of America, National Mortgage, North American Mortgage, Platinum, Temple-Inland, United Financial)

Structuring Requirements: Participating home purchasers must generally earn less than 125% of median State or County income and must qualify for FHA/VA, RHS, or conventional mortgage financing (subject to program criteria).

Advantage: Provides borrower with a grant to cover 4% down payment, thereby enabling home ownership with almost no borrower equity.

IIDFA Technology Development Bridge for Venture Capital

Provides seed stage equity financing for high technology companies

Projects: IDFA matches new private investment. Typical IDFA investment ranges from \$150,000 to \$300,000.

Advantage: Helps leverage private venture investment by accredited venture capital investors.

For more information: visit the Illinois Development Finance Authority Web Site **Error! Hyperlink reference not valid.** www.idfa.com